

Session 6



Direct Loans:
From Origination to Repayment



Presenters

■ US Department of Education

– Presenters:

- Rosemary Beavers
Student Aid Origination Team
- Dan Hayward
Direct Loan Servicing Systems
- Susan Morgan
NSLDS

– Moderator:

- Ed Farrar
Client Account Managers



Purpose and Objectives

- Provide high level view of the Direct Loan System architecture without “technical jargon”
- Objectives include:
 - Understand which components are “Direct Loans”
 - Understand the general timing of events
 - Understand the “ownership” of each process component



“General” Direct Loan Functions

CPS/EDE/TIVWAN

1. CPS:
 - Receive and edit FAFSA data
 - Perform SSA, INS, and DCS checks
 - Generate and forward ISIR & SAR
2. EDE
 - Packaging
 - Create LO record
 - Create disbursement and other transactions
 - Application processing
 - Receipt of ISIRs
 - ISIR corrections
 - Pell Processing
 - FISAP
3. TIVWAN
 - Telecom network
 - Distribute software and documentation
 - Store files
 - Billing schools

Loan Origination

1. Gather school inputs
 2. QA of loan data
 - Origination record
 - Prom Note
 - Disbursements
 - Adjustments
 3. Perform drawdowns for Levels 2&3
 4. GFM fulfillment
 5. Image Prom Note
 6. Credit checks
 7. School reconciliation
 8. School interface
- Loan Consolidation**
1. Lender for Cons Loans
 2. Perform Credit Checks
 3. Process Certifications
 4. Pay underlying loans
 5. Counsel Repayment Plans
 6. Fund and pass loans to CDS

Central Data System

1. Accounting
2. Data consistency and accuracy
3. Data routing and “Traffic Cop”
4. MIS reporting
5. Provides standard Computer Interface Standards:
 - IRS
 - DCS
 - Lock Box
 - EDA Vendor
 - PAS/EDCAPS
 - LO
 - Consolidation
 - Servicing
6. School File
7. Transfers to DCS

Loan Servicing

1. Maintain loans
2. Borrower interface
3. Prepare and send reports, bills, statements, etc.
4. Collections
5. Skiptracing
6. Payment Plans:
 - Standard
 - Extended
 - ICR
 - Alternate
7. Compute and apply interest
8. NSLDS Reporting
9. Operational reports
10. Process Payments
11. Enrollment Status
12. Deferments
13. Forbearances

NSLDS

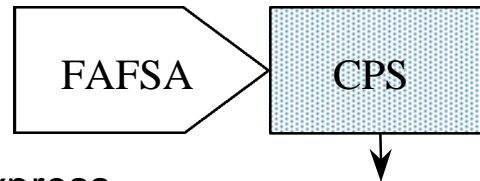
1. Direct Loan data reporting
2. FAFSA matches for aid eligibility and Prescreening
3. Financial Aid Transcript
4. SSCR reporting
5. Borrower tracking
6. Aggregated data for Budget planning
7. On-line conflict resolution assistance
8. Cohort Default Rate calculations
9. Standard, generated reports
10. On-line SSCRs
11. Aid Overpayment
12. Pell Payment Data
13. Post Screening

This shaded portion is what we call Direct Loans!



Central Processing System

■ CPS



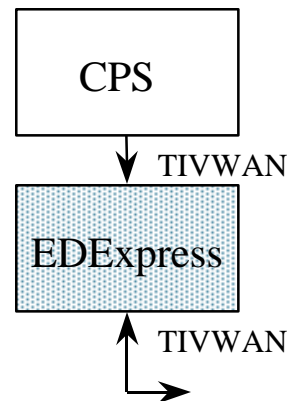
- ★ – Receive FAFSA:
 - From FAFSA Express, FAFSA on the Web, MDEs, Schools, 3rd Party Servicers, etc.
- FAFSA data is edited and matched to:
 - INS, SSA, DOJ, Selective Service, NSLDS and DCS
- FAFSA serves as the Direct Loan Application (No Separate Application)
- Information from FAFSA yields “EFC” (Expected Family Contribution)
- EFC + cost of attendance + enrollment status = Eligibility for student aid
- ISIR gives “Institution” eligibility data
- SAR gives “Student” eligibility data
 - Eligibility data can be modified at later date (marriage, etc.)
- Contractor: CPS is a mainframe-based system, operated by NCS under contract with ED through September, 2002.



TIVWAN and EDE

■ TIVWAN

- ★ – Telecommunications network carries and stores data
 - 6 months file storage
 - Free for DL Schools



(No more than 72 hours from FAFSA to ISIR)

■ EDEExpress

- Builds origination record from ISIR
- ISIR (Institutional Student Information Record) initiates Packaging Process
 - “Total Cost of Attendance” + EFC = award (Pell, Scholarships, Campus-based, loans)
- Determine “unofficial” EFC
- Used for Renewal Application
- Contractor: NCS for TIVWAN and EDEExpress through Sept, 2001. NCS for Technical Reference and EDEExpress software.



Loan Origination

■ Loan Origination

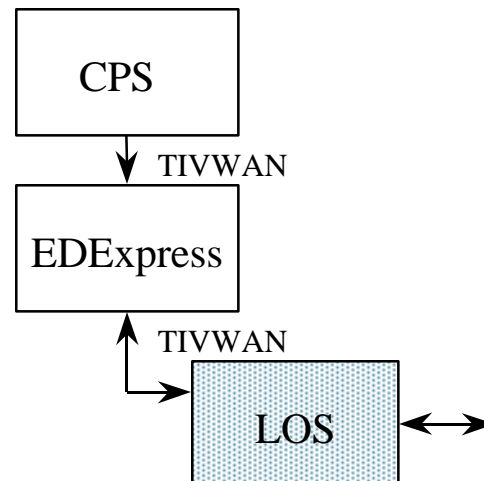
• ★ – Regular Origination

- Origination Record
- Promissory Note
- Disbursement

– Plus Loan Origination

- Credit checks
- TIVWAN mailboxes swept nightly
- Acknowledgments returned next morning
- Disbursements, etc. sent to CDS nightly

- Contractor: EDS performs all loan originations. The EDS contract runs through 2001.

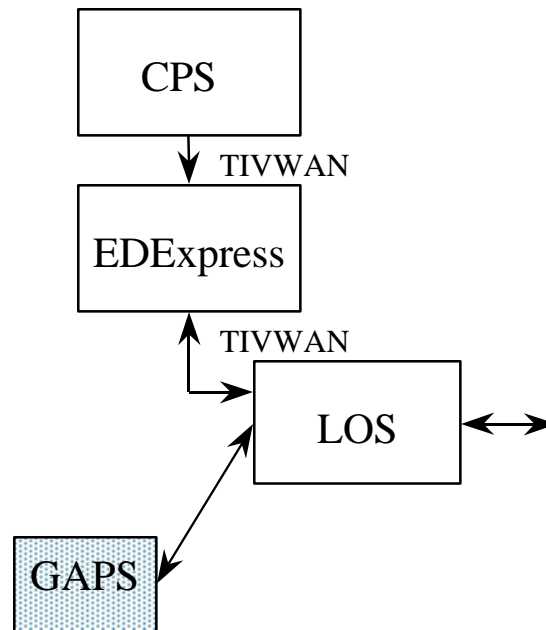




Loan Origination (Drawdown)

■ GAPS

- ★ – Supports drawdowns
 - Option 2 (Level 1)
 - School draws
 - Option 1 (Level 2) and Standard
 - LO Draws
- Funds deposited directly to school

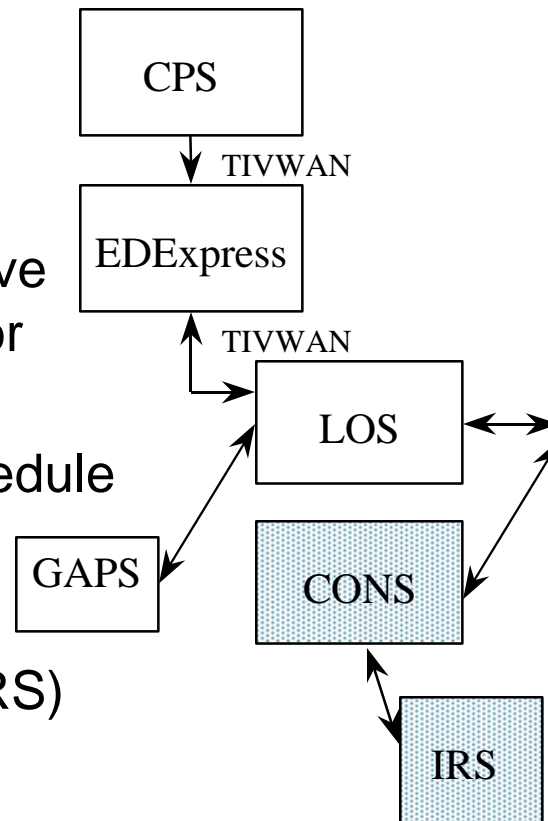




Loan Consolidation

■ Consolidation

- ★ – Process applications, credit checks, p-notes
- Prepare, send and receive verification certificates for underlying loans
- Determine payment schedule
 - If ICR (income contingent repay)
 - Verify income (IRS)
- Fund loans



- Contractor: EDS performs loan Consolidation. The EDS contract runs through 2001.



Central Data System (CDS)

■ Central Data System

★ – Data Routing

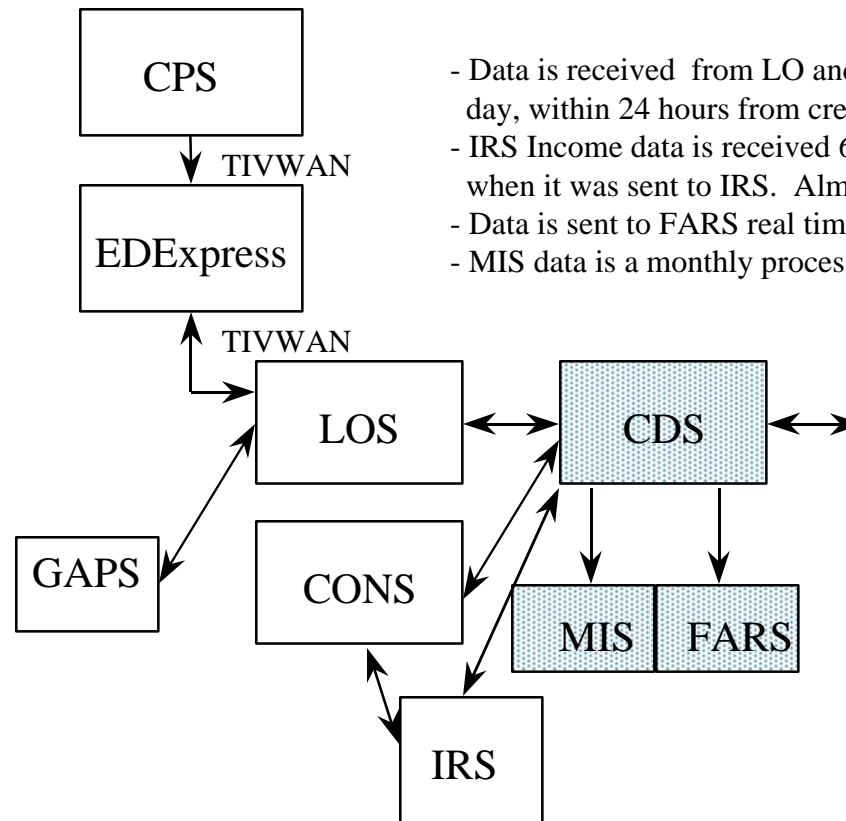
- Booked loans, EDA transactions, payments, ICR data, adjustments, etc.

– MIS Reporting

- Program specific
- Delinquency

– FARS (Accounting)

- DL subsidiary ledger
- Reports to EDCAPS



- Data is received from LO and Cons every day, within 24 hours from creation date.
- IRS Income data is received 60 days from when it was sent to IRS. Almost daily.
- Data is sent to FARS real time.
- MIS data is a monthly process.

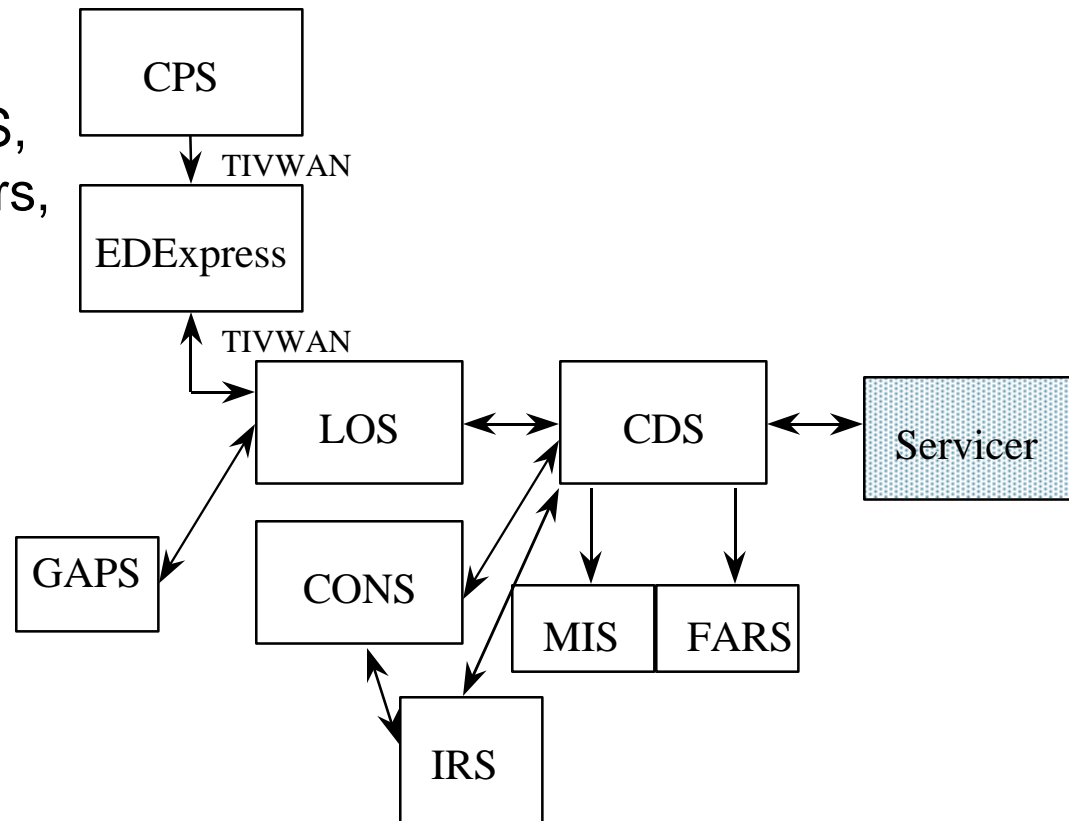
- Contractor: ACS developed and operates CDS under their original contract. The ACS contract runs through September, 2000.



Loan Servicing

■ Loan Servicing

- ★ – “Books” loans from CDS, prepare Welcome Letters, provide repayment plan counseling, collections, skip tracing, payment processing, deferments and forbearances, billing and collections.



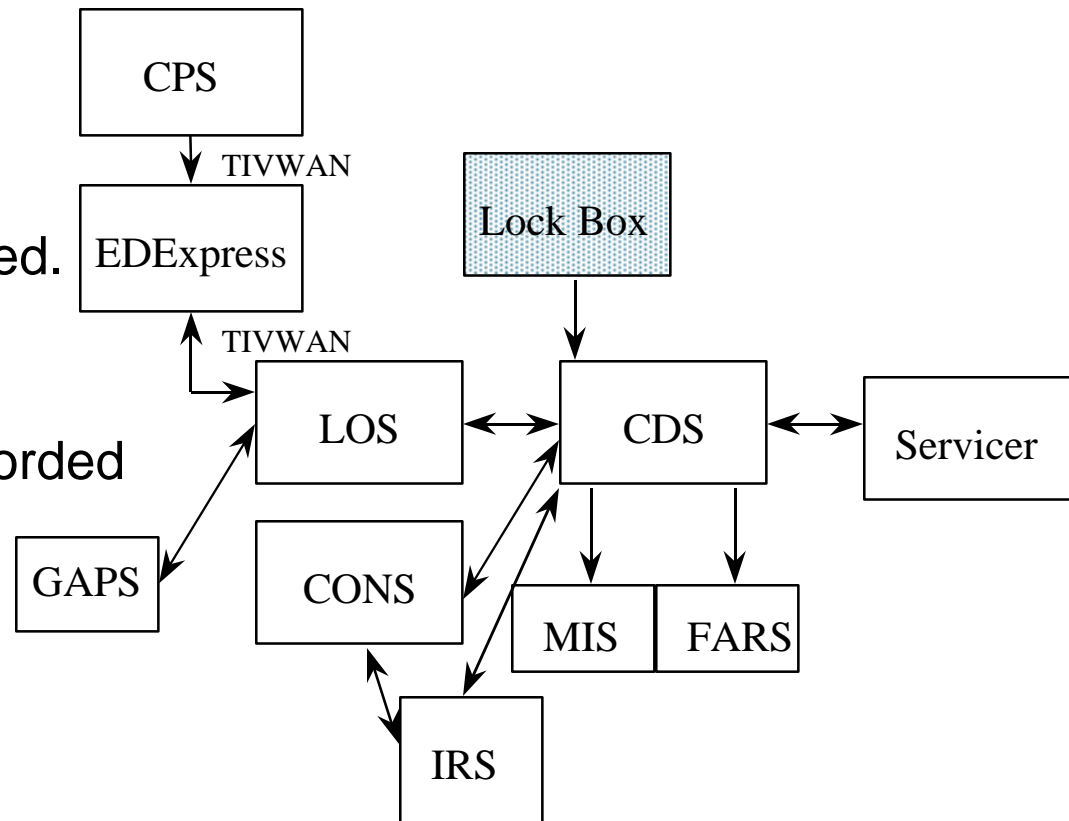
Contractor: ACS/AFSA in Utica, NY. This contract runs through 2003.



Central Lock Box

■ Lock Box

- ★ – Bills prepared by DLSS. Mailed to borrowers. Return envelope provided.
- Payments returned to Lockbox in Atlanta. Opened, inspected, recorded to transmission file, transmitted to CDS, check deposited to Federal Reserve Bank.



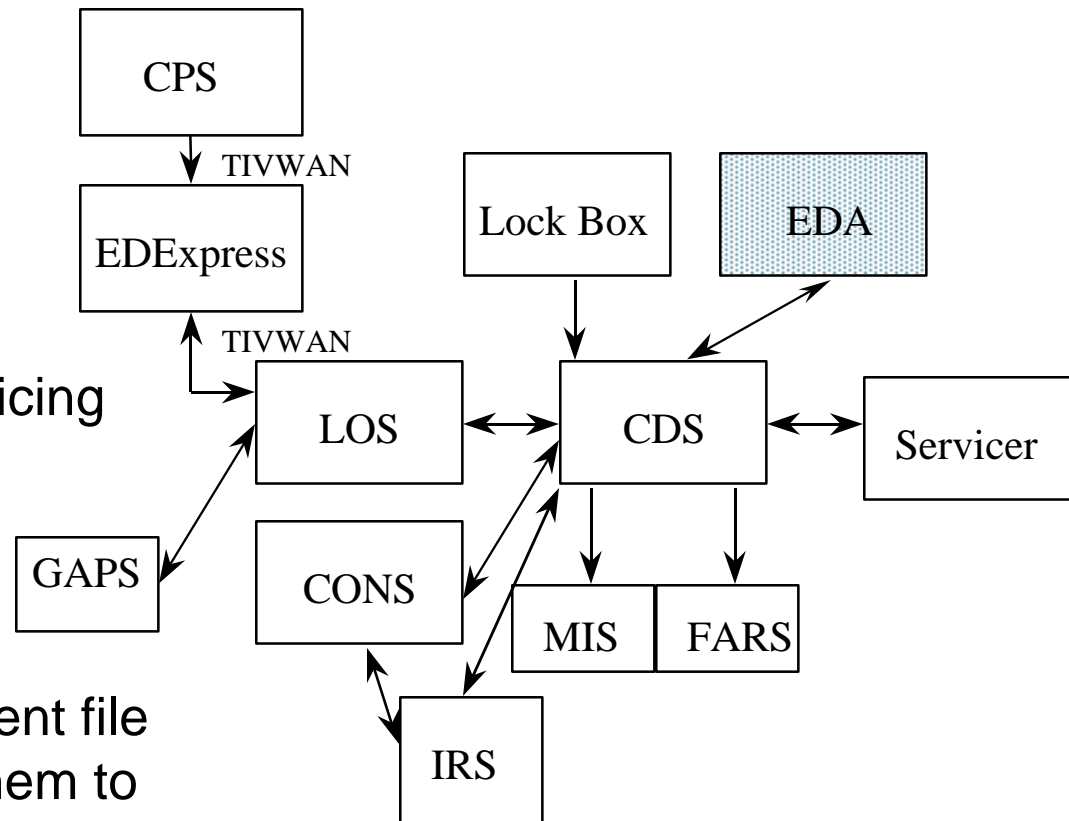
Contractor: Lock Box is operated by Bank of America as a Treasury contract.



EDA Vendor

■ EDA (Elec. Debit Account)

- ★ – Borrowers can have payments withheld from their personal accounts, automatically.
- Each month, Loan Servicing sends amount to debit. CDS generates file to EDA which actually withdraws funds. EDA returns electronic payment file to CDS which applies them to the Loan Servicing system.

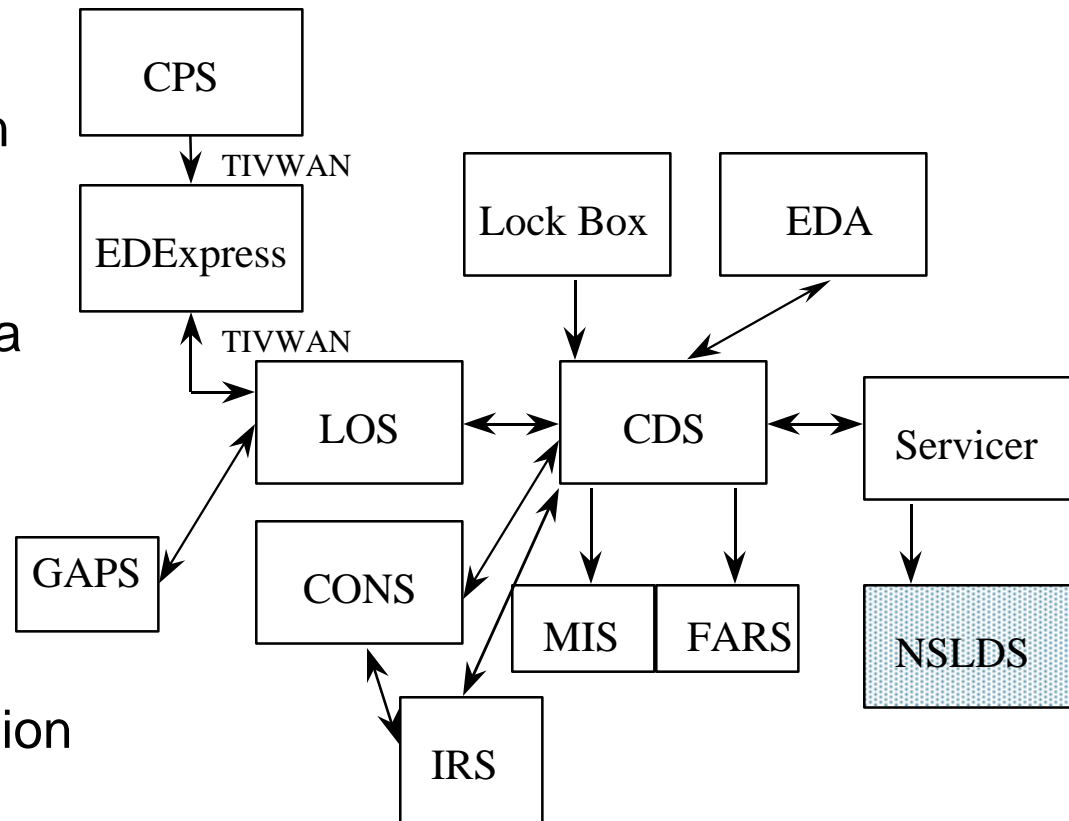


- Contractor: EDA is provided by the Federal Reserve in Kansas.



DL to NSLDS Reporting

- DL to NSLDS Reporting:
 - ★ – DL reports updated loan data to NSLDS starting mid- month
 - NSLDS updates DL data and returns an “Error Transmittal File” for all “error” records
 - Servicing researches errors and resubmits during the next submission



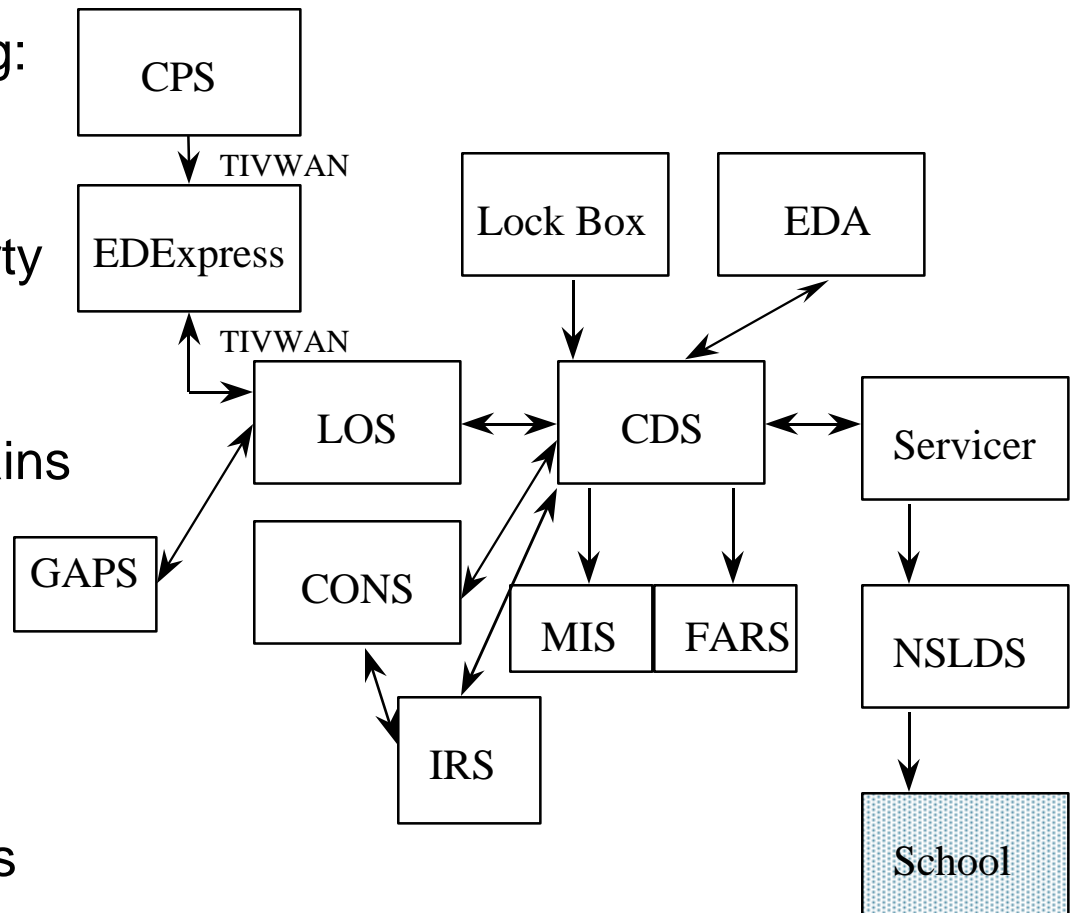
Contractor: NSLDS contractors are E-Systems for development and Customer Service, and CSC for computer operations.



NSLDS to School Reporting

■ NSLDS to School Reporting:

- ★ – NSLDS generates and sends an SSCR Roster File to school or 3rd Party Servicer up to 6 times per year.
- SSCR Roster File contains enrollment and selected demographic data as reported by the DL Servicer and Schools
- Transmitted over TIVWAN or other means

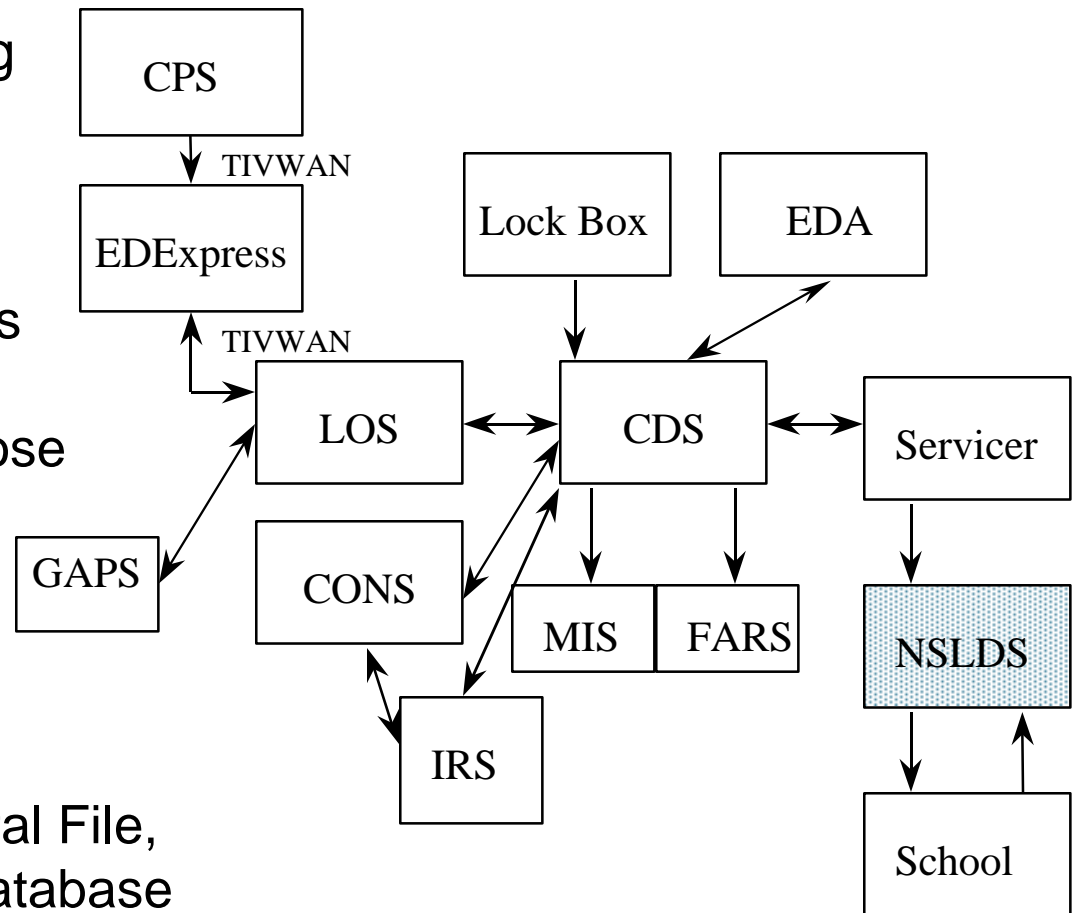




School to NSLDS Reporting

■ School to NSLDS Reporting

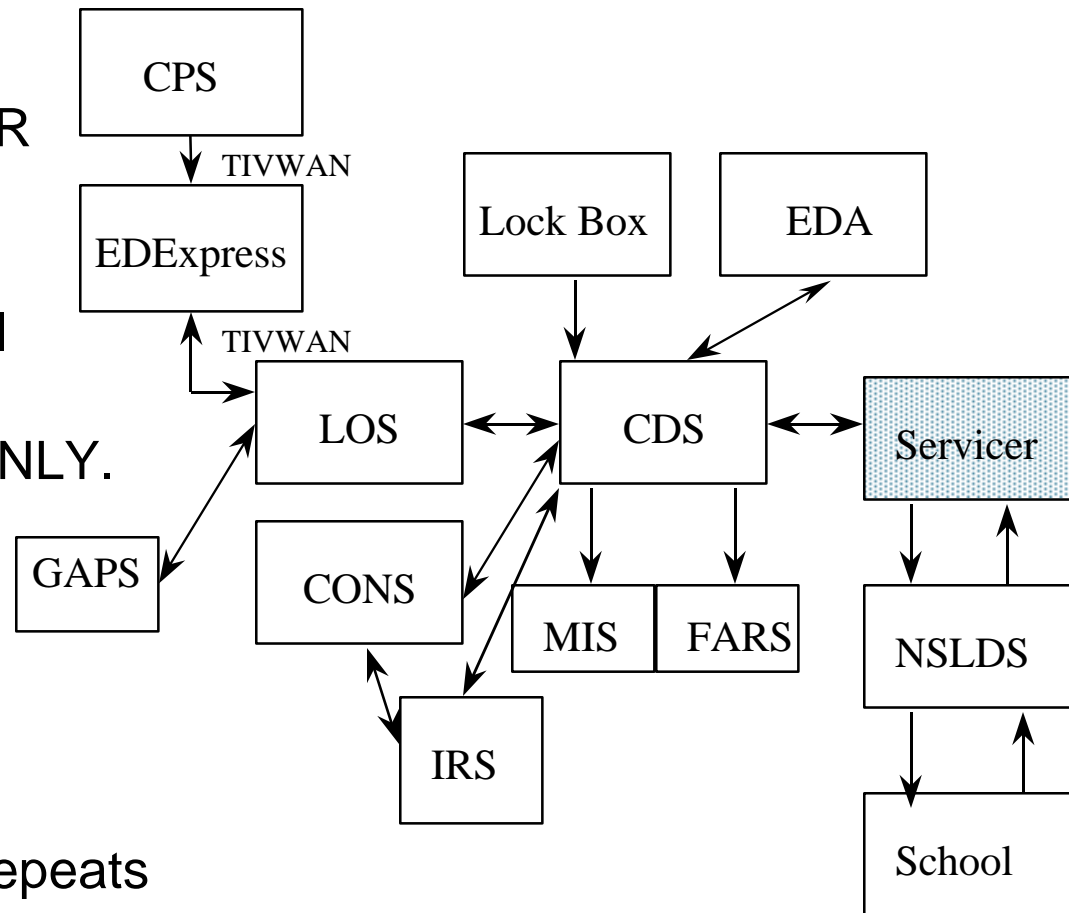
- ★ – Within 30 days, Schools match SSCRs against registrar files, update enrollment status and enrollment status effective date and propose identifier changes:
 - Name: Last, First, and MI
 - SSN and DOB
 - Address changes
- Return updated Submittal File, NSLDS updates their database with this enrollment information.





NSLDS to DL Reporting

- NSLDS to DL Reporting:
 - ★ – NSLDS generates SSCR updates to the Direct Loan Servicer weekly.
 - Comprised of school supplied status and identifier changes ONLY.
 - Direct Loan Servicing applies SSCR updates to their database on an ongoing basis.
 - Monthly, DL Servicing repeats this process.





So, Who Should You Call?

■ CPS	1 (800) 330-5947
■ TIVWAN	1 (800) 615-1189
■ EDEExpress (see CPS)	1 (800) 330-5947
■ LO School Relations	1 (800) 848-0978
■ Loan Consolidation	1 (800) 557-7392
■ DLSS School Relations	1 (888) 877-7658
■ NSLDS	1 (800) 999-8219

--- or call ---

- The Federal Student Aid Information Center at
1 (800) 4FEDAID



Thank You!

And don't forget to turn in your
Completed Evaluation Form